

**BEFORE THE DIVISION OF INSURANCE**

**STATE OF COLORADO**

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**FINAL AGENCY ORDER O-04-052**

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**IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF FIRE  
INSURANCE EXCHANGE,**

**Respondent**

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**THIS MATTER** comes before the Colorado Commissioner of Insurance (the "Commissioner") as a result of a market conduct examination conducted by the Colorado Division of Insurance (the "Division") of Fire Insurance Exchange (the "Respondent"), pursuant to §§ 10-1-201 to 207, C.R.S. The Commissioner has considered and reviewed the market conduct examination report, dated May 14, 2003 (the "Report") relevant examiner work papers, all written submissions and rebuttals, and the recommendations of staff. The Commissioner finds and orders as follows:

**FINDINGS OF FACT**

1. At all relevant times, the Respondent was a corporation licensed by the Division to conduct all lines of property and casualty insurance.
2. In accordance with §§ 10-1-201 to 207, C.R.S., on May 14, 2003, the Division completed a market conduct examination of the Respondent. The period of examination was April 1, 2002 to March 15, 2003.
3. In scheduling the market conduct examination and in determining its nature and scope, the Commissioner considered such matters as selected underwriting and rating practices resulting from open consumer complaints of Respondent's homeowners business, and other criteria as set forth in the most recent available edition of the examiners' handbook adopted by the National Association of Insurance Commissioners, as required by § 10-1-203(1), C.R.S.
4. In conducting the examination, the examiner observed those guidelines and procedures set forth in the most recent available edition of the examiners' handbook adopted by the National Association of Insurance Commissioners and the Colorado insurance examiners handbook. The Commissioner also employed other guidelines and procedures that he deemed appropriate, pursuant to § 10-1-204(1), C.R.S.

5. The market conduct examiner prepared the Report. The Report is comprised of only the facts appearing upon the books, records, or other documents of the Respondent, its agents or other persons examined, or as ascertained from the testimony of the Respondent's officers or agents or other persons examined concerning Respondent's affairs. The Report contains the conclusions and recommendations that the examiner finds reasonably warranted based upon the facts.
6. Respondent delivered to the Division written submissions and rebuttals to the Report.
7. The Commissioner has fully considered and reviewed the Report, any and all of Respondent's submissions and rebuttals, and all relevant portions of the examiner's work papers.

### **CONCLUSIONS OF LAW AND ORDER**

8. Unless expressly modified in this Final Agency Order (the "Order"), the Commissioner adopts the facts, conclusions and recommendations contained in the Report. A copy of the Report is attached to the Order and is incorporated by reference.
9. All issues identified in the examination report have been resolved in the Stipulated Final Order O-04-101 dated November 17, 2003.
10. Pursuant to § 10-1-205(4)(a), C.R.S., within sixty (60) days of the date of this Order, the Respondent shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related orders.
11. This Order shall not prevent the Division from commencing future agency action relating to conduct of the Respondent not specifically addressed in the Report, not resolved according to the terms and conditions in this Order, or Stipulated Final Order O-04-101, or occurring before or after the examination period.
12. Copies of the examination report, the Respondent's response, and this final Order will be made available to the public no earlier than thirty (30) days after the date of this Order, subject to the requirements of § 10-1-205, C.R.S.

**WHEREFORE:** It is hereby ordered that the findings and conclusions contained in the final examination report dated May 14, 2003, are hereby adopted and filed and made an official record of this office and the above Order is hereby approved this 22nd day of March, 2004.

A handwritten signature in cursive script that reads "Doug Dean".

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Doug Dean  
Commissioner of Insurance

CERTIFICATE OF MAILING

I hereby certify that on the 22nd day of March, 2004, I deposited the **Final Agency Order No. O-04-052 IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF FIRE INSURANCE EXCHANGE**, in the United States mail with postage affixed and addressed to:

Mr. Martin D. Feinstein, President  
Fire Insurance Exchange  
4680 Wilshire Blvd.  
PO Box 2478  
Los Angeles, CA 90051

Bennett Katz, Esq.  
Fire Insurance Exchange  
4680 Wilshire Blvd.  
PO Box 2478  
Los Angeles, CA 90051

Cindy Grove  
Fire Insurance Exchange  
3500 N. Nevada Ave.  
Colorado Springs, CO 80907-5333

A handwritten signature in black ink, reading "Dolores Arrington". The signature is fluid and cursive, with the first name "Dolores" and last name "Arrington" clearly distinguishable.

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Dolores Arrington, MA, AIRC  
Market Conduct Section